

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
(317)232-9855

ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT

PROPOSED RULE: 97-359

DATE PREPARED: Feb 02 98

STATE AGENCY: Department of Environmental Management **DATE RECEIVED:** Jan 22 98

FISCAL ANALYST: Kristin Breen

PHONE NUMBER: 232-9567

Digest of Proposed Rule: This proposed rule adds 326 IAC 8-13 to regulate emissions of volatile organic compounds (VOC) from sinter plants at integrated iron and steel manufacturing facilities in Lake and Porter Counties. It provides that from May 1 until September 30 (ozone season), the VOC emission rate is not to exceed 0.25 pounds per ton sinter produced. From October 1 until April 30 (non-ozone season), the VOC emission rate is not to exceed 0.36 pounds per sinter produced. Both Lake and Porter Counties are classified as severe nonattainment areas for ozone.

Governmental Entities:

State: There is no state fiscal impact and there are no unfunded mandates placed upon any state agency by this proposed rule.

Local: There is no local fiscal impact and there are no unfunded mandates placed upon any political subdivision by this proposed rule.

Regulated Entities: This proposed rule impacts the following four facilities: Bethlehem Steel Corporation, Inland Steel Company, LTV Steel Company, and U.S. Steel (Gary Works).

There are four cost components associated with this proposed rule. The components include the following: the cost of compliance with the emission standards; the cost for initial compliance tests; the cost for ongoing sampling and analysis; and the cost for subsequent compliance tests.

Cost of Compliance: The cost to comply with these proposed VOC emission standards will vary for each facility. Officials at both Bethlehem Steel Corporation and Inland Steel Company believe that their facilities are already in compliance. Therefore, it is estimated that these two facilities will not have to modify their current operating practices. However, if these facilities are not in compliance or if they fall out of compliance in the future, they will incur some compliance costs.

It is not currently known if U.S. Steel is in compliance with these emission standards. U.S. Steel reports that if its facility is not in compliance, it will have to modify its current operating practice to reduce or eliminate the oil and grease content in the sinter burden (a mixture of raw materials prior to use in the sintering process). This will

be done by purchasing alternative raw material, such as auburn ore, to replace material currently used in the sinter burden. The material currently used in the sinter burden (e.g., mill scale, blast furnace sludge) is generated by that facility and purchased from other facilities.

Based on preliminary data, it is estimated that the cost for U.S. Steel to purchase alternative raw material will range from \$200,000 to \$600,000 per month during the five ozone season months. During the seven non-ozone season months when the emission limit is higher, it is estimated that the cost will range from \$0 to \$100,000 per month. Actual costs will be dependent upon such things as market conditions, operating conditions of the facility, and weather.

In addition, U.S. Steel will have to dispose of the material that is currently used in the sinter burden. If this material cannot be sold on the open market, it will have to be disposed of in a landfill. The total cost to landfill this material is not currently known.

It is also not currently known if LTV Steel Company is in compliance with the ozone season emission standard. LTV reports that if it is not, it does not know how it will come into compliance. The company believes that its facility is in compliance with the non-ozone season emission standard.

Cost for Initial Compliance Tests: All four facilities must perform stack tests to determine whether they are in compliance with these emission standards. It is assumed that each facility will perform stack tests until it has been demonstrated that the facility is in compliance. Each facility will have to perform at least one test on each stack. The cost for each test is estimated to range from \$5,000 - \$10,000. The actual total cost for each facility is dependent upon the number of stacks that each facility has and the number of compliance tests that have to be performed.

Cost for Ongoing Sampling and Analysis: This proposed rule requires that three samples be collected and analyzed every operating day. It is assumed that all four facilities will perform this ongoing sampling and analysis. It is estimated that the cost of sampling and analysis will range from \$39,000 - \$131,400 per year for each facility. This was determined as follows: [three samples per day x (260 - 365 operating days per year) x (\$50 - \$120 per test)]. It is estimated that the total cost for all four facilities will range from \$156,000 - \$525,600 per year. Actual costs will vary for each facility. This proposed rule allows facilities to request approval of an alternative sampling and analysis procedure, which may be less expensive than the costs outlined above.

Cost for Subsequent Compliance Tests: This proposed rule requires that compliance tests be performed when there is a change in the control measure and when it is required by the Indiana Department of Environmental Management or the U.S. Environmental Protection Agency. It is not known how many subsequent compliance tests will need to be performed. The cost for each test is estimated to range from \$5,000 - \$10,000. The total cost for each facility is dependent upon the number of subsequent tests that have to be performed.

Information Sources: Tom Easterly, Bethlehem Steel Corporation, 219/787-2712; Jim Carson, Inland Steel Corporation, 219/399-4516; Mary Lou Harmon, LTV Steel Company, 216/429-6474; Mark Conedera, U.S. Steel, 219/888-2339; Patricia Troth, Office of Air Management, Department of Environmental Management, 233-5681.